

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No 199903008M)



To Our Shareholders

The Board of Directors of Great Eastern Holdings Limited (“GEH”) has announced:

Unaudited Financial Results of GEH Group for the First Quarter Ended 31 March 2014

For the quarter ended 31 March 2014, Group profit attributable to shareholders was S\$231.6 million. Details of the financial results are attached.

Unaudited Supplementary Information

Disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial results.

Dividend

No interim dividend has been declared in the first quarter of 2014 (first quarter 2013: nil).

Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 28 April 2014

The Group financial results are also available on the Company's website at greateasternlife.com.

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

1. GROUP PROFIT AND LOSS STATEMENTS

| in Singapore Dollars (millions) | 1st Quarter 2014 | 1st Quarter 2013 | % + / (-) | 4th Quarter 2013 | % + / (-) |
|---|---------------------|---------------------|--------------|---------------------|--------------|
| Gross Premiums | 1,854.1 | 1,620.1 | 14 | 2,138.3 | (13) |
| Life assurance profit from: | | | | | |
| Participating Fund | 32.3 | 34.2 | (6) | 22.9 | 41 |
| Non-participating Fund | 97.8 | 101.5 | (4) | 87.9 | 11 |
| Investment-linked Fund | 52.4 | 42.5 | 23 | 53.7 | (2) |
| Profit from life assurance | 182.5 | 178.2 | 2 | 164.5 | 11 |
| Profit from general insurance | 9.6 | 6.7 | 43 | 7.6 | 26 |
| Profit from insurance business | 192.1 | 184.9 | 4 | 172.1 | 12 |
| Investment income, net | 26.7 | 24.9 | 7 | 23.8 | 12 |
| Gain on sale of investments and changes in fair value ⁽¹⁾ | 12.3 | 24.0 | (49) | 8.5 | 45 |
| Gain on disposal of joint venture | 31.9 | - | nm | - | nm |
| Increase in provision for impairment of assets | - | - | nm | (0.2) | (100) |
| (Loss)/gain on exchange differences ⁽¹⁾ | (1.3) | 5.5 | nm | 2.2 | nm |
| Profit from investments in Shareholders' Fund | 69.6 | 54.4 | 28 | 34.3 | 103 |
| Fees and other income | 16.7 | 17.5 | (5) | 19.3 | (13) |
| Profit before expenses | 278.4 | 256.8 | 8 | 225.7 | 23 |
| less: | | | | | |
| Management and other expenses | 15.6 | 15.7 | (1) | 19.5 | (20) |
| Interest expense | 4.6 | 4.6 | - | 4.6 | - |
| Depreciation | 0.5 | 0.5 | - | 0.6 | (17) |
| Expenses | 20.7 | 20.8 | (0) | 24.7 | (16) |
| Profit after expenses | 257.7 | 236.0 | 9 | 201.0 | 28 |
| Share of loss after income tax of joint ventures | - | (0.8) | (100) | (5.5) | (100) |
| Profit before income tax | 257.7 | 235.2 | 10 | 195.5 | 32 |
| Income tax | (24.2) | (25.7) | nm | (26.8) | nm |
| Profit after income tax | 233.5 | 209.5 | 11 | 168.7 | 38 |
| Attributable to: | | | | | |
| Shareholders | 231.6 | 207.5 | 12 | 165.9 | 40 |
| Non-controlling interests | 1.9 | 2.0 | (5) | 2.8 | (32) |
| | 233.5 | 209.5 | 11 | 168.7 | 38 |
| Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars) | 0.49 | 0.44 | 11 | 0.35 | 40 |
| Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i> | 4.5% | 4.2% | 0.3 pp | 3.2% | 1.3 pp |

(1) Comparatives have been restated to conform to current year's presentation.

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

| in Singapore Dollars (millions) | 1st Quarter 2014 | 1st Quarter 2013 | % + / (-) | 4th Quarter 2013 | % + / (-) |
|--|---------------------|---------------------|--------------|---------------------|--------------|
| Profit after income tax for the period | 233.5 | 209.5 | 11 | 168.7 | 38 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Exchange differences arising on translation of overseas entities attributable to non-controlling interests | 0.6 | 0.2 | 200 | (0.7) | nm |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences arising on translation of overseas entities | 0.2 | 2.8 | (93) | - | nm |
| Share of other comprehensive income of associates and joint ventures | (0.4) | 0.9 | nm | 0.9 | nm |
| Available-for-sale financial assets: | | | | | |
| Changes in fair value | (17.2) | 26.2 | nm | 32.9 | nm |
| Reclassification of realised gain on disposal of investments to Profit and Loss Statement | (5.7) | (18.3) | nm | (5.2) | nm |
| Tax on changes in fair value | 4.0 | (1.2) | nm | (5.0) | nm |
| Other comprehensive income for the period, after tax | (18.5) | 10.6 | nm | 22.9 | nm |
| Total comprehensive income for the period | 215.0 | 220.1 | (2) | 191.6 | 12 |
| Total comprehensive income attributable to: | | | | | |
| Shareholders | 212.5 | 217.4 | (2) | 190.1 | 12 |
| Non-controlling interests | 2.5 | 2.7 | (7) | 1.5 | 67 |
| | 215.0 | 220.1 | (2) | 191.6 | 12 |

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

| in Singapore Dollars (millions) | Group | | |
|--|-----------------|----------------|--------------|
| | 31 Mar 2014 | 31 Dec 2013 | % + / (-) |
| Share capital | 152.7 | 152.7 | - |
| Reserves | | | |
| Currency translation reserve | (83.4) | (82.9) | nm |
| Fair value reserve | (49.6) | (31.0) | nm |
| Accumulated profit | 5,269.7 | 5,038.1 | 5 |
| SHAREHOLDERS' FUND | 5,289.4 | 5,076.9 | 4 |
| NON-CONTROLLING INTERESTS | 52.9 | 50.4 | 5 |
| TOTAL EQUITY | 5,342.3 | 5,127.3 | 4 |
| LIABILITIES | | | |
| Insurance payables | 3,144.4 | 3,087.9 | 2 |
| Other creditors and interfund balances | 2,518.0 | 2,330.3 | 8 |
| Unexpired risk reserve | 128.6 | 121.8 | 6 |
| Derivative financial liabilities | 117.6 | 188.1 | (37) |
| Income tax | 572.7 | 599.8 | (5) |
| Provision for agents' retirement benefits | 265.7 | 258.6 | 3 |
| Deferred tax | 1,008.9 | 1,011.0 | (0) |
| Loan payable to holding company | 41.2 | - | nm |
| Debt issued | 399.3 | 399.3 | - |
| General insurance fund | 200.7 | 209.2 | (4) |
| Life assurance fund | 48,092.4 | 47,577.3 | 1 |
| TOTAL EQUITY AND LIABILITIES | 61,831.8 | 60,910.6 | 2 |
| ASSETS | | | |
| Cash and cash equivalents | 2,979.5 | 3,727.1 | (20) |
| Other debtors and interfund balances | 2,122.8 | 1,908.1 | 11 |
| Insurance receivables | 2,605.5 | 2,604.3 | 0 |
| Loans | 1,833.2 | 1,863.6 | (2) |
| Derivative financial assets | 263.0 | 242.2 | 9 |
| Investments | 49,596.2 | 48,106.0 | 3 |
| Associates and joint ventures | 120.1 | 152.5 | (21) |
| Goodwill | 33.6 | 33.6 | - |
| Investment properties | 1,561.2 | 1,561.0 | 0 |
| Property, plant and equipment | 716.7 | 712.2 | 1 |
| TOTAL ASSETS | 61,831.8 | 60,910.6 | 2 |
| Net Asset Value per share (in Singapore Dollars) | 11.18 | 10.73 | 4 |

For analysis of major variances, please refer to section 9.6 on page 8.

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

| in Singapore Dollars (millions) | Company | | |
|--|----------------|----------------|--------------|
| | 31 Mar 2014 | 31 Dec 2013 | % + / (-) |
| Share capital | 152.7 | 152.7 | - |
| Reserves | | | |
| Merger reserve | 419.2 | 419.2 | - |
| Accumulated profit | 1,198.1 | 1,200.8 | (0) |
| TOTAL EQUITY | 1,770.0 | 1,772.7 | (0) |
| LIABILITIES | | | |
| Other creditors | 6.9 | 6.5 | 6 |
| Income tax | 0.1 | 0.1 | - |
| TOTAL EQUITY AND LIABILITIES | 1,777.0 | 1,779.3 | (0) |
| ASSETS | | | |
| Cash and cash equivalents | 39.1 | 32.5 | 20 |
| Other debtors | 0.2 | - | nm |
| Amounts due from subsidiaries | 1,051.3 | 1,060.5 | (1) |
| Subsidiaries | 686.1 | 686.1 | - |
| Property, plant and equipment | 0.3 | 0.2 | 50 |
| TOTAL ASSETS | 1,777.0 | 1,779.3 | (0) |
| Net Asset Value per share (in Singapore Dollars) | 3.74 | 3.75 | (0) |

5. SELECTED INCOME AND MANAGEMENT EXPENSES

| in Singapore Dollars (millions) | Shareholders' Fund | | |
|---|---------------------|---------------------|---------------------|
| | 1st Quarter 2014 | 1st Quarter 2013 | 4th Quarter 2013 |
| <u>Expenses</u> | | | |
| 1. Staff costs and related expenses (including executive directors and key management personnel compensation) | 18.7 | 18.4 | 20.2 |
| 2. Rental expense | 1.6 | 1.6 | 1.6 |
| 3. Depreciation | 0.5 | 0.5 | 0.6 |

| in Singapore Dollars (millions) | Life Assurance and General Insurance | | |
|---|--------------------------------------|---------------------|---------------------|
| | 1st Quarter 2014 | 1st Quarter 2013 | 4th Quarter 2013 |
| <u>Income</u> | | | |
| 1. Investment income, net (excluding mark-to-market changes) | 410.8 | 419.6 | 425.6 |
| <u>Expenses</u> | | | |
| 1. Staff costs and related expenses (including executive directors and key management personnel compensation) | 46.9 | 46.1 | 50.7 |
| 2. Rental expense | 4.0 | 3.8 | 4.6 |
| 3. Depreciation | 11.0 | 11.6 | 14.5 |

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2014

| in Singapore Dollars (millions) | Attributable to Shareholders of the Company | | | | | Non-Controlling Interests | Total Equity |
|---|---|------------------------------------|-----------------------|--------------------------------------|---------|------------------------------|-----------------|
| | Share Capital | Currency Translation Reserve | Fair Value Reserve | Accumulated Profit ⁽¹⁾ | Total | | |
| Balance at 1 January 2014 | 152.7 | (82.9) | (31.0) | 5,038.1 | 5,076.9 | 50.4 | 5,127.3 |
| Profit for the period | - | - | - | 231.6 | 231.6 | 1.9 | 233.5 |
| <u>Other comprehensive income</u> | | | | | | | |
| Exchange differences arising on translation of overseas entities | - | 0.2 | - | - | 0.2 | 0.6 | 0.8 |
| Share of other comprehensive income of associates and joint ventures | - | (0.7) | 0.3 | - | (0.4) | - | (0.4) |
| Available-for-sale financial assets: | | | | | | | |
| Changes in fair value | - | - | (17.2) | - | (17.2) | - | (17.2) |
| Reclassification of realised gain on disposal of investments to Profit and Loss Statement | - | - | (5.7) | - | (5.7) | - | (5.7) |
| Tax on changes in fair value | - | - | 4.0 | - | 4.0 | - | 4.0 |
| Other comprehensive income for the period, after tax | - | (0.5) | (18.6) | - | (19.1) | 0.6 | (18.5) |
| Total comprehensive income for the period | - | (0.5) | (18.6) | 231.6 | 212.5 | 2.5 | 215.0 |
| Balance at 31 March 2014 | 152.7 | (83.4) | (49.6) | 5,269.7 | 5,289.4 | 52.9 | 5,342.3 |

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2013

| in Singapore Dollars (millions) | Attributable to Shareholders of the Company | | | | | Non-Controlling Interests | Total Equity |
|---|---|------------------------------|--------------------|-----------------------------------|---------|---------------------------|--------------|
| | Share Capital | Currency Translation Reserve | Fair Value Reserve | Accumulated Profit ⁽¹⁾ | Total | | |
| Balance at 1 January 2013 | 152.7 | (63.7) | 41.8 | 4,666.2 | 4,797.0 | 42.5 | 4,839.5 |
| Profit for the period | - | - | - | 207.5 | 207.5 | 2.0 | 209.5 |
| <u>Other comprehensive income</u> | | | | | | | |
| Exchange differences arising on translation of overseas entities | - | 2.8 | - | - | 2.8 | 0.2 | 3.0 |
| Share of other comprehensive income of associates and joint ventures | - | 1.1 | (0.2) | - | 0.9 | - | 0.9 |
| Available-for-sale financial assets: | | | | | | | |
| Changes in fair value | - | - | 25.7 | - | 25.7 | 0.5 | 26.2 |
| Reclassification of realised gain on disposal of investments to Profit and Loss Statement | - | - | (18.3) | - | (18.3) | - | (18.3) |
| Tax on changes in fair value | - | - | (1.2) | - | (1.2) | - | (1.2) |
| Other comprehensive income for the period, after tax | - | 3.9 | 6.0 | - | 9.9 | 0.7 | 10.6 |
| Total comprehensive income for the period | - | 3.9 | 6.0 | 207.5 | 217.4 | 2.7 | 220.1 |
| <u>Distributions to shareholders</u> | | | | | | | |
| Dividends paid to non-controlling interests | - | - | - | - | - | (3.8) | (3.8) |
| Total distributions to shareholders | - | - | - | - | - | (3.8) | (3.8) |
| <u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u> | | | | | | | |
| Changes in non-controlling interests | - | - | - | - | - | 3.8 | 3.8 |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | 3.8 | 3.8 |
| Total transactions with shareholders in their capacity as shareholders | - | - | - | - | - | - | - |
| Balance at 31 March 2013 | 152.7 | (59.8) | 47.8 | 4,873.7 | 5,014.4 | 45.2 | 5,059.6 |

(1) Included in Accumulated Profit are non-distributable reserves of \$1,152.1 million (31 March 2013: \$1,003.5 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7. COMPANY STATEMENT OF CHANGES IN EQUITY for the periods ended 31 March 2014 and 2013

| in Singapore Dollars (millions) | Share Capital | Merger Reserve | Accumulated Profit | Total Equity |
|--|---------------|----------------|--------------------|----------------|
| Balance at 1 January 2014 | 152.7 | 419.2 | 1,200.8 | 1,772.7 |
| Loss for the period | - | - | (2.7) | (2.7) |
| Total comprehensive income for the period | - | - | (2.7) | (2.7) |
| Balance at 31 March 2014 | 152.7 | 419.2 | 1,198.1 | 1,770.0 |
| Balance at 1 January 2013 | 152.7 | 419.2 | 1,157.1 | 1,729.0 |
| Profit for the period | - | - | 6.0 | 6.0 |
| Total comprehensive income for the period | - | - | 6.0 | 6.0 |
| Balance at 31 March 2013 | 152.7 | 419.2 | 1,163.1 | 1,735.0 |

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH

| in Singapore Dollars (millions) | 1st Quarter 2014 | 1st Quarter 2013 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 257.7 | 235.2 |
| Life assurance profit before income tax | 195.6 | 267.1 |
| General insurance profit before income tax | 10.8 | 8.8 |
| Adjustments for non-cash items: | | |
| Surplus transferred from life assurance fund but not yet withdrawn | (182.5) | (178.2) |
| Profit transferred from general insurance fund but not yet withdrawn | (9.6) | (6.7) |
| Share of loss/(profit) of associates and joint ventures | 0.8 | (2.4) |
| Gain on sale of investments and changes in fair value | (249.8) | (266.6) |
| Gain on disposal of joint venture | (31.9) | - |
| Increase in provision for impairment of assets | 4.4 | 0.2 |
| Increase in provision for agents' retirement benefits | 9.7 | 9.0 |
| Gain on disposal of property, plant and equipment, assets held for sale and investment properties | - | (0.3) |
| Depreciation | 11.5 | 12.1 |
| Unrealised loss/(gain) on exchange differences | 24.9 | (90.7) |
| Change in life assurance contract liabilities | 628.8 | 686.2 |
| Change in general insurance contract liabilities | 2.5 | 4.8 |
| Change in unexpired risk reserve | 6.7 | 4.6 |
| Dividend income | (75.8) | (81.2) |
| Interest income | (385.6) | (388.3) |
| Interest expense | 4.7 | 4.6 |
| Interest expense on policy benefits | 30.5 | 27.0 |
| Share-based payments | 1.2 | 0.9 |
| | 254.6 | 246.1 |
| Changes in working capital: | | |
| Insurance receivables | (11.6) | (9.2) |
| Other debtors and interfund balances | (227.6) | (144.1) |
| Insurance payables | 56.5 | 65.3 |
| Other creditors and interfund balances | 191.1 | 156.0 |
| Cash generated from operations | 263.0 | 314.1 |
| Income tax paid | (99.8) | (71.0) |
| Interest paid on policy benefits | (30.5) | (27.0) |
| Agents' retirement benefits paid | (2.9) | (2.2) |
| Net cash flows from operating activities | 129.8 | 213.9 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 4,113.6 | 5,993.7 |
| Purchase of investments | (5,571.8) | (7,017.8) |
| Proceeds from disposal of joint venture | 62.8 | - |
| Proceeds from sale of property, plant and equipment, assets held for sale and investment properties | 0.2 | 2.4 |
| Purchase of property, plant and equipment and investment properties | (15.5) | (12.9) |
| Interest income received | 398.0 | 401.1 |
| Interest expense paid | (9.3) | (9.3) |
| Dividends received | 71.7 | 70.7 |
| Net cash flows used in investing activities | (950.3) | (572.1) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid to non-controlling interests | - | (3.8) |
| Changes in non-controlling interests | - | 3.8 |
| Proceeds from loan | 41.2 | - |
| Net cash flows from financing activities | 41.2 | - |
| Net effect of currency translation reserve adjustment | 31.7 | 159.0 |
| Net decrease in cash and cash equivalents | (747.6) | (199.2) |
| Cash and cash equivalents at the beginning of the period | 3,727.1 | 4,212.6 |
| Cash and cash equivalents at the end of the period | 2,979.5 | 4,013.4 |

9. REVIEW OF RESULTS

The Group Financial Statements for the first quarter of 2014 (Q1-14) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders in Q1-14 was \$231.6 million (Q1-13: \$207.5 million), an increase of 12%, on better performance of the insurance business and a one-off gain of \$31.9 million from the Group's divestment of its stake in its China joint venture from 50% to 25% .

9.2 GROSS PREMIUMS

Q1-14 gross premiums increased by 14% to \$1,854.1 million (Q1-13: \$1,620.1 million).

9.3 PROFIT FROM INSURANCE BUSINESS

In Q1-14, the Group's profit from insurance business rose to \$192.1 million (Q1-13: \$184.9 million) on higher profit from both life assurance and general insurance.

Q1-14 profit from life assurance grew to \$182.5 million from \$178.2 million in Q1-13, driven by profits from the Group's growing in-force business as sales rose steadily over the past years. The uplift in profit from business growth was however moderated by lower net unrealised mark-to-market gains as the sharper rise in long term interest rates in Q1-13 led to a larger gain from the valuation of liabilities.

Profit from general insurance of \$9.6 million was 43% higher than last year (Q1-13: \$6.7 million) arising from a one-off release of reserves.

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

The Group's profit from investments in Shareholders' Fund was 28% higher at \$69.6 million in Q1-14 compared with \$54.4 million in Q1-13. This was mainly attributed to a one-off gain of \$31.9 million from the divestment of its stake in its joint venture, Great Eastern Life Assurance (China) Company, Ltd ("GELC") by the Group's subsidiary, The Great Eastern Life Assurance Company Limited ("GEL") from 50% to 25%. Excluding this one-off gain, profit from investments in Shareholders' Fund was lower than Q1-13 when the Group recorded higher realised gains on sale of investments amid favourable equity market conditions. In Q1-14, the Group also recorded foreign exchange loss of \$1.3 million (Q1-13: gain of \$5.5 million) from the revaluation of United States Dollar denominated assets as the United States Dollar weakened against the Singapore Dollar.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$16.7 million in Q1-14 (Q1-13: \$17.5 million). This was mainly a result of a decrease in fee income by the Group's asset management arm, Lion Global Investors Limited and its subsidiary, Pacific Mutual Fund Berhad.

9.6 BALANCE SHEET

9.6.1 Fair Value Reserve

As at 31 March 2014, fair value reserve was -\$49.6 million, compared with -\$31.0 million as at 31 December 2013. The increase in unrealised mark-to-market losses was mainly attributed to investments in Shareholders' Fund.

9.6.2 Derivative Financial Liabilities and Assets

Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities decreased to \$117.6 million as at 31 March 2014 (31 December 2013: \$188.1 million) and derivative financial assets increased to \$263.0 million (31 December 2013: \$242.2 million). The net increase largely arose from entering into new foreign exchange derivatives contracts as well as changes in the fair value of currency forwards as a result of the strengthening of the Singapore Dollar against the United States Dollar.

9.6.3 Borrowings and Debt Issued

| | 31 March | 31 December |
|---|--------------|--------------|
| in SGD (millions) | 2014 | 2013 |
| Subordinated fixed rate notes (unsecured) | | |
| - payable after one year | 399.3 | 399.3 |
| Loan payable to holding company (secured) | | |
| - payable after one year | 41.2 | - |
| Total borrowings and debt issued | 440.5 | 399.3 |

The loan payable to holding company is secured by a mortgage over the relevant property, and charges by way of a debenture and assignments of relevant construction contracts, performance bonds, insurance contracts, sale and purchase agreements and lease agreements.

9.6.4 Cash and Cash Equivalents

Cash and cash equivalents decreased 20% to \$2,979.5 million as at 31 March 2014 (31 December 2013: \$3,727.1 million), mainly resulting from the deployment of cash for investments.

9.6.5 Other Debtors and Interfund Balances

Other debtors and interfund balances increased by 11% to \$2,122.8 million as at 31 March 2014 (31 December 2013: \$1,908.1 million), mainly arising from unsettled investment trades.

9.6.6 Associates and Joint Ventures

Associates and joint ventures decreased by 21% to \$120.1 million as at 31 March 2014 (31 December 2013: \$152.5 million). The decrease was mainly attributed to the disposal of a 25% stake in a joint venture, GELC, by the Group's subsidiary, GEL. After the disposal, GEL continues to hold 25% of the paid up-capital of GELC.

9.6.7 Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

| | SINGAPORE | | MALAYSIA | |
|---|------------------|---------------------|------------------|---------------------|
| | 31 March 2014 | 31 December 2013 | 31 March 2014 | 31 December 2013 |
| Fixed income & debt securities | 58% | 56% | 67% | 68% |
| Equities | 26% | 25% | 23% | 23% |
| Real estate & others | 11% | 10% | 7% | 7% |
| Cash & money market instruments | 5% | 9% | 3% | 2% |
| Market Value of Assets (in SGD billions) | 27.6 | 26.9 | 22.2 | 22.1 |

9.7 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain well above the minimum regulatory ratios of 120% and 130% respectively.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 March 2014 was unchanged at \$152.7 million compared with 31 December 2013. Total number of shares issued as at 31 March 2014 also remained unchanged at 473,319,069 compared with 31 December 2013.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q1-14, consistent with the audited financial statements for the year ended 31 December 2013.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2014 does not have any material financial impact on the Group's results for Q1-14.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the first quarter ended 31 March 2014 have not been audited or reviewed by the Group's auditors.

13. FACTORS THAT MAY AFFECT GROUP PERFORMANCE IN THE NEXT REPORTING AND/OR 12-MONTH PERIOD

The Group's performance may be affected by unrealised mark-to-market valuation of its assets and liabilities due to volatility in the global financial markets.

14. OTHER MATTERS

Pursuant to Rule 920(1) of the Listing Manual, GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

Issued: 28 April 2014